

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4605**

**June 15, 2006**

**R E S O L U T I O N**

**(RES. W-4605), WATERTEK, INC., METROPOLITAN DISTRICT  
(METROPOLITAN). ORDER AUTHORIZING AN INTERIM GENERAL  
RATE INCREASE SUBJECT TO REFUND, PRODUCING AN INCREASE IN  
GROSS ANNUAL REVENUES OF \$2,248 OR 26.9%.**

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**SUMMARY**

By Draft Advice Letter accepted on May 15, 2006, Watertek's Metropolitan District requested an increase in rates to produce an increase in annual revenue of \$10,008, or 137% for test year 2006. To provide Metropolitan with sufficient income to pay operating expenses pending the processing of the utility's general rate case (GRC), this resolution grants Metropolitan an interim general rate increase in gross annual revenues of \$2,248 or 26.9%. This interim increase is subject to refund upon the final resolution of Metropolitan's GRC request.

**BACKGROUND**

Metropolitan is a District of Watertek, a Class D water utility and serves approximately 29 customers located approximately two miles west of Fresno in Fresno County.

Metropolitan requested authority under Section VI of General Order 96 and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$10,008 or 137% in test year 2006. Metropolitan's request shows 2006 gross revenues of \$7,323 at present rates increasing to \$17,331 at proposed rates to produce a rate of return on rate base of 15.6%.

Metropolitan's present rates became effective January 3, 2006, pursuant to Decision (D.) 92-03-093, which authorized a Consumer Price Index (CPI) increase. The last general rate increase was approved on April 10, 1991, by Res. W-3555 which granted an increase of \$4,432 or 123.1% with a zero rate of return on rate base.

**NOTICE**

June 15, 2006

A draft notice regarding the general rate increase was mailed to the utility on May 15, 2006. A notice of the full increase request will be mailed to the customers on May 20, 2006. This Resolution is for an Interim General Rate Increase subject to refund.

## **PROTESTS**

This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311 (g) (3).

## **DISCUSSION**

The Service Guarantee Plan for Small Water Companies (Standard Practice U-9-SM) as augmented by Res. No.W-4540 dated June 16, 2005, Ordering Paragraph 3, allows an interim rate increase for small water companies operating at a loss on a cash-flow basis. The interim rate increase provides the utility with sufficient income to cover its operating expenses. It is subject to refund pending the final resolution of Metropolitan's general rate increase request.

Metropolitan is currently operating at a loss. The rate increase request was based on financial information for the period from January through December 2005. After an analysis of these records, the Utility Audit, Finance, and Compliance Branch calculates that Metropolitan should be allowed an interim increase of \$2,248 in order for the utility to meet its cash-flow requirements.

The interim tariff schedules – Schedules Nos. 1-MP, General Metered Service, and 2-MP, Residential Flat Rate Service, below show the recommended rates.

The Water Division recommends that the proposed interim rates shown below be granted to Metropolitan:

### **Schedule No. 1-MP**

#### **Metered Service**

#### **Quantity Rates:**

	<u>Present Rates</u>	<u>Interim Proposed Rates</u>
All usage, per 100 cu. ft	\$ 0.88	\$ 1.12

#### **Service Charge:**

<u>Present Rates</u>	<u>Interim Proposed Rates</u>
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Per Month

For 5/8 - inch meter	\$ 7.96	\$ 10.10
For 3/4- inch meter	\$ 11.89	\$ 15.15
For 1- inch meter	\$ 19.90	\$ 25.25
For 1 1/2 - inch meter	\$ 39.81	\$ 50.50
For 2 - inch meter	\$ 63.59	\$ 80.80

**Schedule No. 2-MP**

Residential Flat Rate Service

Rates:	<u>Per Service Connection</u>	
	<u>Per Month</u>	
	<u>Proposed</u> <u>Rates</u>	<u>Present</u> <u>Rates</u>
For a single-family residential unit including premises	\$23.78	\$30.18
For each additional single-family residential unit on the same premise and served from the same service connection	\$15.51	\$19.68

**COMPLIANCE**

Metropolitan has no outstanding compliance orders.

**COMMENTS**

The Resolution is a compliance filing as authorized by Res. No. W-4540, Ordering Paragraph 3 that pertains to an interim increase subject to refund. Comments are not required.

**FINDINGS**

1. The interim rates recommended by the Water Division (Appendix A) are reasonable and should be adopted.
2. The rate increase authorized in this resolution is subject to refund pending the completion of the staff investigation of Watertek's Metropolitan District general rate increase request.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g) (3).

**THEREFORE IT IS ORDERED THAT:**

1. Watertek, Inc. is authorized to file an advice letter for its Metropolitan District incorporating the rates contained in Schedules Nos. 1-MP, General Metered Service, and 2-MP, Residential Flat Rate Service, attached to this resolution as Appendix A, and to concurrently cancel Schedules Nos. 1-MP and 2-MP. Its filing shall comply

with General Order 96-A. The effective date of the revised rate schedules shall not be earlier than five days after the date of its filing.

2. The rate increase authorized in this resolution is subject to refund pending the final resolution of Watertek Inc., Metropolitan District, and general rate increase request.

June 15, 2006

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 15, 2006; the following Commissioners voting favorably thereon:

/s/ STEVE LARSON

STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President

GEOFFREY F. BROWN

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG  
Commissioners

**APPENDIX A**  
**Page 1**

**Watertek, Inc.**

**Schedule No. 1-MP**

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

Skaal Knoll Homesites located approximately two miles west of Fresno,  
Fresno County, and west half of lot 53 of West Fresno Tract.

**RATES**

Quantity Rates:

All usage, per 100 cu.ft.....\$ 1.12 (I)

Service Charge:

For	5/8 x 3/4-inch meter.....	\$ 10.10	(I)
For	3/4-inch meter .....	\$ 15.15	
For	1-inch meter .....	\$ 25.25	
For	1-1/2-meter .....	\$ 50.50	
For	2-inch meter .....	\$ 80.80	(I)

The Service Charge is a readiness-to-serve charge, which is applied to all metered service and to which is added the monthly charge computed at the Quantity Rate.

**APPENDIX A**  
**Page 2**

**Watertek, Inc.**

**Schedule No. 2-MP**

**RESIDENTIAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to all water service furnished to privately owned fire protection systems.

**TERRITORY**

Skaal Knoll Homesites located approximately two miles west of Fresno, Fresno County, and west half of Lot 53 of West Fresno Tract.

**RATES**

	<u>Per Service Connection Per Month</u>
For a single-family residential unit including premises .....	\$ 30.18 (I)
For each additional single family residential unit on the same premises and served from the same service connection .....	\$ 19.68 (I)